

**THE SAUDI ARABIAN AMIANTIT COMPANY  
AND SUBSIDIARIES  
(A Saudi Joint Stock Company)**

INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH AND  
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009  
AND INDEPENDENT ACCOUNTANTS' LIMITED  
REVIEW REPORT

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES  
(A Saudi Joint Stock Company)  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009

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**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT**

To the shareholders of  
The Saudi Arabian Amiantit Company  
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim consolidated balance sheet of The Saudi Arabian Amiantit Company and Subsidiaries (the "Group") as of September 30, 2009 and the related interim consolidated statements of income for the three-month and nine-month periods ended September 30, 2009 and the interim consolidated statement of cash flows for the nine-month period ended September 30, 2009, including the related notes. These interim consolidated financial statements are the responsibility of the Group's management.

We conducted our review in accordance with the standards established by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements of the Group for them to be in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Group.

PricewaterhouseCoopers Al Juraid



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October 14, 2009  
Shawal 25, 1430



**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated balance sheet**  
(All amounts in Saudi riyals thousands unless otherwise stated)

	Note	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)	September 30, 2008 (Unaudited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		491,046	329,139	360,112
Accounts receivable	2	1,533,095	1,689,994	1,972,662
Inventories		838,718	1,092,947	1,083,482
Prepayments and other receivables		61,616	69,030	63,040
		<u>2,924,475</u>	<u>3,181,110</u>	<u>3,479,296</u>
<b>Non-current assets</b>				
Investments in associates		336,374	306,513	279,735
Property, plant and equipment		936,751	960,346	910,747
Intangible assets		13,878	27,047	47,064
Deferred income tax assets		14,790	15,921	16,929
Other non-current assets		10,611	12,862	35,514
		<u>1,312,404</u>	<u>1,322,689</u>	<u>1,289,989</u>
<b>Total assets</b>		<u><b>4,236,879</b></u>	<u><b>4,503,799</b></u>	<u><b>4,769,285</b></u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term borrowings		974,492	1,439,666	1,542,716
Current maturity of long-term borrowings		38,474	46,846	34,363
Current maturity of liabilities against capital leases		12,188	12,188	2,799
Accounts payable		447,152	423,549	511,378
Accrued and other liabilities		516,442	461,121	603,637
Zakat and taxes payable		143,198	116,371	92,507
		<u>2,131,946</u>	<u>2,499,741</u>	<u>2,787,400</u>
<b>Non-current liabilities</b>				
Long-term borrowings		76,960	74,234	77,831
Liabilities against capital leases		24,374	36,562	-
Employee termination benefits		101,787	98,165	96,816
Other non-current liabilities		38,044	31,249	37,999
		<u>241,165</u>	<u>240,210</u>	<u>212,646</u>
<b>Total liabilities</b>		<u><b>2,373,111</b></u>	<u><b>2,739,951</b></u>	<u><b>3,000,046</b></u>
<b>Equity</b>				
Equity attributable to shareholders of the Company:				
Share capital		1,155,000	1,155,000	1,155,000
Statutory reserve		96,795	96,795	73,263
Retained earnings	5	334,692	233,367	236,349
Currency translation differences		24,397	1,573	48,502
<b>Total shareholders' equity</b>		<u><b>1,610,884</b></u>	<u><b>1,486,735</b></u>	<u><b>1,513,114</b></u>
Minority interest		252,884	277,113	256,125
<b>Total equity</b>		<u><b>1,863,768</b></u>	<u><b>1,763,848</b></u>	<u><b>1,769,239</b></u>
<b>Total liabilities and equity</b>		<u><b>4,236,879</b></u>	<u><b>4,503,799</b></u>	<u><b>4,769,285</b></u>
<b>Contingencies and commitments</b>	6			

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated income statement**  
**For three-month and nine-month periods ended September 30, 2009**  
(All amounts in Saudi riyals thousands unless otherwise stated)

	Note	For three-month periods ended September 30,		For nine-month periods ended September 30,	
		2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Sales	4	777,345	1,006,483	2,521,963	3,076,502
Cost of sales		(559,219)	(769,137)	(1,846,617)	(2,406,842)
Gross profit		218,126	237,346	675,346	669,660
<b>Operating expenses</b>					
Selling and marketing		(16,999)	(38,258)	(54,015)	(71,432)
General and administrative		(82,087)	(104,787)	(240,249)	(278,851)
Income from operations		119,040	94,301	381,082	319,377
<b>Other income (expenses)</b>					
Share in net income of associates		10,863	8,332	16,213	51,474
Financial charges - net		(20,090)	(31,829)	(77,831)	(102,126)
Other - net	3	(9,038)	76,106	(77,487)	62,711
Income before foreign income taxes, zakat and minority interest		100,775	146,910	241,977	331,436
Income taxes related to foreign subsidiaries		(9,872)	(13,540)	(27,167)	(40,837)
Zakat		(9,187)	(15,570)	(23,812)	(30,139)
Income before minority interest		81,716	117,800	190,998	260,460
Minority interest		(9,366)	(19,730)	(30,123)	(45,689)
<b>Net income for the period</b>		<b>72,350</b>	<b>98,070</b>	<b>160,875</b>	<b>214,771</b>
<b>Earning (loss) per share (Saudi riyals):</b>					
• Income from operations		1.03	0.82	3.30	2.77
• Non-operating (loss) income		(0.40)	0.03	(1.91)	(0.91)
• Net income		0.63	0.85	1.39	1.86

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
(A Saudi Joint Stock Company)  
Interim consolidated cash flow statement  
For nine-month period ended September 30, 2009  
(All amounts in Saudi riyals thousands unless otherwise stated)

	2009 (Unaudited)	2008 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income for the period	160,875	214,771
<u>Adjustments for non-cash items</u>		
Share in net income of associates	(16,213)	(51,474)
Gain on disposal of investment	-	(87,030)
Depreciation, amortization and provisions	224,522	162,144
Deferred income tax charges	2,692	9,078
Income applicable to minority interest	30,123	45,689
<u>Changes in working capital</u>		
Accounts receivable	175,195	(474,480)
Inventories	259,291	(269,927)
Prepayments and other receivables	10,060	933
Accounts payable	(349)	7,504
Accrued and other current liabilities	(16,173)	339,194
Employee termination benefits	2,719	3,619
Net cash generated from (utilized in) operating activities	<u>832,742</u>	<u>(99,979)</u>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of non-current assets held for sale	-	52,500
Investments	(52,051)	162,649
Dividends received from associates	9,626	5,558
Purchase of property, plant and equipment - net	(72,933)	(76,443)
Other	4,173	(7,866)
Net cash (utilized in) generated from investing activities	<u>(111,185)</u>	<u>136,398</u>
<b>Cash flow from financing activities</b>		
Change in short-term borrowings	(470,381)	239,263
Proceeds from long-term borrowings	37,058	29,268
Repayments of long-term borrowings	(43,594)	(125,024)
Repayments of liabilities against capital leases	(12,188)	(7,513)
Dividends paid	(57,750)	-
Dividends paid by subsidiaries to minority interest	(17,366)	(12,352)
Board of Directors' fee paid	(1,800)	-
Changes in minority interest and other	6,371	(1,544)
Net cash (utilized in) generated from financing activities	<u>(559,650)</u>	<u>122,098</u>
<b>Net increase in cash and cash equivalents</b>	<b>161,907</b>	<b>158,517</b>
Cash and cash equivalents at beginning of period	<u>329,139</u>	<u>201,595</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>491,046</u></b>	<b><u>360,112</u></b>

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.



## THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### 1 General information

The Saudi Arabian Amiantit Company (the "Company" or "SAAC") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The Group is principally engaged in manufacturing and selling various types of pipes and related products, licensing of related technologies and supply of pipe manufacturing machines, and water management services including related consultancy, engineering and operations.

The Company is a joint stock company, registered in the Kingdom of Saudi Arabia, operating under Commercial Registration No. 2050002103 issued in Dammam on 17 Rabi'1 1388 H (June 13, 1968). The registered address of the Company is P.O. Box 589, First Industrial Area, Dammam 31421, Kingdom of Saudi Arabia.

During the nine-month period ended September 30, 2009, SAAC has increased its effective shareholding in one of its Saudi Arabian subsidiaries, Saudi Arabian Ductile Iron Pipe Co. Ltd. ("SADIP") from 75% to 100% through an acquisition of 25% equity interest from its minority shareholders against a cash consideration of Saudi riyals 27.0 million.

During the three-month period ended September 30, 2009, the Group has:

- formed a subsidiary, Amiantit Bahrain Holding Ltd W.L.L. ("ABH"), a limited liability company registered in Bahrain. ABH was formed principally to act as a sub-holding for the manufacturing subsidiaries in Bahrain. The Group effectively owns 100% of equity interest in ABH; and
- initiated proceedings for liquidation of certain of its subsidiaries as a part of corporate restructuring. Group's management do not expect any significant gains or losses upon liquidation of such subsidiaries.

The accompanying interim consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair statement of the financial position, results of operations and cash flows. The interim results of the operations for the three-month and nine-month periods ended September 30, 2009 may not represent a proper indication for the annual results of operations. These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2008.

The accompanying interim consolidated financial statements were authorized for issue by the Company's management on October 14, 2009.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

#### 2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of derivative financial instruments to fair value, and in compliance with the Standard of Accounting for Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. Significant accounting policies adopted by the Group for preparing such interim consolidated financial statements are consistent with the accounting policies described in the 2008 annual audited consolidated financial statements of the Group.

#### 2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future which, by definition, seldom equal the related actual results.

## **THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### **2.3 Investments**

#### (a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "Intangible assets" in the balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

#### (b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, which is adjusted subsequently for impairment loss, if any.

### **2.4 Segment reporting**

#### (a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

#### (b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

### **2.5 Foreign currencies**

#### (a) Reporting currency

These interim consolidated financial statements are presented in Saudi riyals which is the reporting currency of the Company.

#### (b) Transactions and balances

Foreign currency transactions are translated into Saudi riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognized in the income statement.

#### (c) Group companies

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiaries and associates into Saudi riyals are reported as a separate component of equity.

Dividends received from foreign subsidiaries and associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the income statement.



## **THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### **2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

### **2.7 Accounts receivable**

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

At September 30, 2009, approximately 31% (2008: 30%) of accounts receivable were related to government projects.

### **2.8 Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads.

### **2.9 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except construction in progress which is stated at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the cost of the related assets to their estimated useful lives.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

### **2.10 Deferred charges**

Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the balance sheet, include certain indirect construction costs and pre-operating expenses which are amortized over periods which do not exceed seven years.

### **2.11 Patents, trademarks and licenses**

Expenditure to acquire patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives, but not exceeding twenty years.

### **2.12 Impairment of non-current assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the income statement. Impairment losses recognized on intangible assets are not reversible.

### **2.13 Borrowings**

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

## **THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**

**(A Saudi Joint Stock Company)**

**Notes to the interim consolidated financial statements**

**For the three-month and nine-month periods ended September 30, 2009 (Unaudited)**

(All amounts in Saudi riyals thousands unless otherwise stated)

### **2.14 Capital leases**

The Group accounts for property, plant and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to the income statement by applying the straight-line method at the rates applicable to the related assets.

### **2.15 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

### **2.16 Provisions**

Warranty provisions - The Group offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Warranty provisions are charged to "Cost of sales" in the income statement.

Onerous contracts - Provision against onerous contracts are recognized when the Group expects that the costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Such provisions are charged to "Cost of sales" in the income statement.

### **2.17 Zakat and taxes**

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Taxes (the "DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest.

Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the income statement. Additional amounts payable, if any, at the finalization of assessments are accounted for when such amounts are determined.

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties, including dividend payments to foreign shareholders of the Saudi Arabian subsidiaries, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile which are charged to the income statement.

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against such carry-forward tax losses. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

### **2.18 Employee termination benefits**

Employee termination benefits required by the Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the income statement.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

### **2.19 Revenues**

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Revenues on long-term contracts are recognized on the percentage of completion basis. Revenues are shown net of certain expenses and after eliminating sales within the Group.

## THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### 2.20 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

### 2.21 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Company.

### 2.22 Derivative financial instruments

Derivative financial instruments are initially recorded at cost, if any, and are re-measured to their fair values at subsequent reporting dates. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in the income statement as they arise and the resulting positive and negative fair values are reported under current assets and liabilities, respectively, in the balance sheet.

### 2.23 Operating leases

Rental expense under operating leases are charged to the income statement over the period of the respective lease.

### 2.24 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of their net income to a statutory reserve until such reserve equals 50% of share capital. The statutory reserve in the accompanying interim consolidated financial statements is the statutory reserve of the Company. Such allocation is made at the end of the fiscal year. This reserve currently is not available for distribution to the shareholders of the Company.

### 2.25 Earnings (loss) per share

Earnings (loss) per share for the three-month and nine-month periods ended September 30, 2009 and 2008 has been computed by dividing the income from operations, non-operating loss/income and net income for each periods by weighted average number of 115,500,000 shares outstanding at September 30, 2009 and 2008.

## 3 Other income (expenses)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Impairment provision against investments, plant and and equipment and intangible assets	(3,235)	(7,308)	(57,427)	(14,951)
Gain on disposal of investments	-	87,030	-	87,030
Provision for settlement of claims against foreign subsidiaries	-	-	(12,223)	(5,850)
Foreign exchange gains (losses)	(313)	(1,758)	(11,606)	(4,633)
Miscellaneous income (expenses) - net	(5,490)	(1,858)	3,769	1,115
	(9,038)	76,106	(77,487)	62,711

## THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### 4 Segment information

The Group operates principally in the following business segments:

- (i) Manufacturing and selling various types of pipes;
- (ii) Development and licensing of technologies related to production of various types of pipes, construction and supply of related pipe manufacturing machines; and
- (iii) Water management and related consultancy, engineering and operations.

Selected financial information as of September 30, 2009 and 2008 and for the nine-month periods then ended, summarized by the above business segments, was as follows:

	Pipe manufacturing	Technology	Water management	Total
<b>2009</b>				
Sales	2,257,821	40,681	223,461	2,521,963
Net income for the period	139,051	620	21,204	160,875
Total assets	3,718,758	164,721	353,400	4,236,879
<b>2008</b>				
Sales	2,809,535	55,298	211,669	3,076,502
Net income for the period	209,283	1,659	3,829	214,771
Total assets	4,253,714	212,705	302,866	4,769,285

The Group's operations are conducted in Saudi Arabia, Europe and certain other geographical areas. Selected financial information as of September 30, 2009 and 2008 and for the nine-month periods then ended, summarized by geographic area, was as follows:

	Saudi Arabia	Europe	Other countries	Total
<b>2009</b>				
Sales	1,311,505	960,733	249,725	2,521,963
Property, plant and equipment	530,541	282,862	123,348	936,751
Other non-current assets	233,202	56,737	85,714	375,653
<b>2008</b>				
Sales	1,638,092	1,113,523	324,887	3,076,502
Property, plant and equipment	558,114	227,110	125,523	910,747
Other non-current assets	223,667	55,182	100,393	379,242

### 5 Dividends

The shareholders have approved a dividend of Saudi riyals 0.5 per share for the year 2008, amounting to a total of Saudi riyals 57.75 million, during their General Assembly Meeting held on 19 April 2009 which was fully paid.



## THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month and nine-month periods ended September 30, 2009 (Unaudited)

(All amounts in Saudi riyals thousands unless otherwise stated)

### 6 Contingencies and commitments

- (i) The Group was contingently liable for bank guarantees issued on behalf of the Group in the normal course of the business amounting to Saudi riyals 584.9 million at September 30, 2009.
- (ii) SAAC and certain Saudi Arabian subsidiaries have received additional zakat assessments. SAAC and these subsidiaries have appealed the assessments and management believes that no material liability will arise upon the ultimate resolution of these assessments. Accordingly, no provisions have been made in the accompanying interim consolidated financial statements. Certain foreign subsidiaries have outstanding assessments related to income taxes and other local taxes in their respective countries of domicile. Such assessments are in various stages of appeal process. Group management believes that no material gain or loss will arise upon the ultimate resolution of these matters. Certain subsidiaries also have contingent carry over tax benefits.
- (iii) The capital expenditure contracted by the Group but not incurred until September 30, 2009 was approximately Saudi riyals 43.7 million.